



Claire McCaskill

Missouri State Auditor

August 2006

Worth County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of
Missouri State Auditor
Claire McCaskill

August 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Worth, that do not have a county auditor. In addition to a financial audit of county funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Worth County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's procedures for expenditures and monitoring of contracts are in need of improvement. While the county has procedures to solicit bids for major purchases, the county did not always solicit bids and/or retain bid documentation for various purchases including insurance, copy machines, and prisoner boarding at a private facility. Also, the patron gravel program was not adequately monitored and fuel usage records were not maintained for the Road and Bridge Department. In addition, several budgets were overspent, compliance with the economic development contract was not monitored and the county donated \$1,066 in federal grant monies to a local skating rink.
- Time sheets were not submitted by a part-time employee funded by a federal grant and donations paid by patrons to the Senior Citizens Services Board's in-home service providers were not reported to the county and the IRS.
- The Prosecuting Attorney's procedures related to accounting for receipts and open-items, as well as the system for tracking bad check complaints received, are in need of improvement. While prenumbered receipt slips were issued for most monies received, not all receipts were recorded on the summary monthly fee log. Also, monthly open-items listings (liabilities) were not prepared, and consequently liabilities were not reconciled to the cash balance. As a result of the lax controls, some receipts, while deposited, were not remitted to the County Treasurer or other parties and an unidentified balance in the bank account had increased significantly since the last audit. Part of the unidentified balance was used to pay office expenses. In addition, a log or other record was not maintained to account for all bad check complaints filed with the Prosecuting Attorney and their ultimate disposition.
- Sheriff's Office procedures related to the processing of monies collected and bank account reconciliations are in need of improvement. The method of payment was not always noted on receipt slips and the composition of receipt slips issued was

YELLOW SHEET

not reconciled to the amounts posted on the monthly fee log or to the composition of deposits. In addition, a checkbook balance was not maintained and reconciled monthly to the bank statements for the Sheriff's account.

All reports are available on our Web site: www.auditor.mo.gov

WORTH COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
State Auditor's Reports:	2-7
Basic Financial Statements, Required Supplementary Information, and Supplementary Schedule of Expenditures of Federal Awards	3-5
Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	6-7
Management's Discussion and Analysis	8-16
Basic Financial Statements:	17-29
Government-Wide Financial Statements:	18-22
<u>Exhibit</u>	<u>Description</u>
A-1	Statement of Net Assets - Cash Basis
A-2	December 31, 2005
	December 31, 2004
	19
	20
B-1	Statement of Activities - Cash Basis
B-2	Year Ended December 31, 2005
	Year Ended December 31, 2004
	21
	22
Fund Financial Statements:	23-29
C-1	Governmental Funds Balance Sheet - Cash Basis
C-2	December 31, 2005
	December 31, 2004
	24
	25
D-1	Governmental Funds Statement of Receipts, Disbursements, and Changes in Cash Balances
D-2	Year Ended December 31, 2005
	Year Ended December 31, 2004
	26
	27

WORTH COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
Basic Financial Statements:	17-29
Fund Financial Statements:	23-29
<u>Exhibit</u>	<u>Description</u>
E-1	Statement of Fiduciary Net Assets - Cash Basis December 31, 2005 28
E-2	December 31, 2004 29
Notes to the Financial Statements.....	30-40
Required Supplementary Information:	41-45
<u>Schedule</u>	
1	Budgetary Comparison Schedule - General Fund and Major Special Revenue Funds - Cash Basis, Years Ended December 31, 2005 and 2004..... 42-43
Note to the Required Supplementary Information.....	44-45
Other Supplementary Information:	46-51
2	Schedule of Expenditures of Federal Awards, Years Ended December 31, 2005 and 2004 47-48
Notes to the Schedule of Expenditures of Federal Awards	49-51
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
State Auditor's Report:.....	53-55
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	54-55
Schedule:.....	56-58
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2005 and 2004.....	57-58

WORTH COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
Schedule:.....	56-58
Section I - Summary of Auditor's Results	57
Section II - Financial Statement Findings.....	58
Section III - Federal Award Findings and Questioned Costs	58
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	59-60
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	61-62
<hr/> <u>MANAGEMENT ADVISORY REPORT SECTION</u> <hr/>	
Management Advisory Report - State Auditor's Findings.....	64-75
<u>Number</u>	<u>Description</u>
1.	Expenditures and Related Matters
2.	Personnel Policies and Procedures
3.	Prosecuting Attorney's Accounting Controls and Procedures
4.	Sheriff's Accounting Controls and Procedures
	65 70 72 74
Follow-Up on Prior Audit Findings.....	76-83
<hr/> <u>STATISTICAL SECTION</u> <hr/>	
History, Organization, and Statistical Information.....	85-88

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION, AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Worth County, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worth County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed more fully in Note 1, the county prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Worth County, Missouri, as of December 31, 2005 and 2004, and the respective changes in financial position—cash basis thereof for the years then ended in conformity with the basis of accounting discussed in Note 1.

As discussed more fully in Note 1, for the years ended December 31, 2005 and 2004, the county implemented applicable provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. The implementation of these Statements resulted in significant changes in the format and contents of the basic financial statements and other information in the county's financial report. The county also implemented the provisions of Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 6, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required to accompany those financial statements. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Worth County, Missouri, and was not subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 6, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Cheryl L. Colter, CPA, CGFM
Audit Staff:	Earlene Gladden
	Karla Swift



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Worth County, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worth County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated April 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Worth County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Worth County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Worth County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 6, 2006 (fieldwork completion date)

Management's Discussion and Analysis

WORTH COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2005 AND 2004

This discussion and analysis of Worth County's financial performance provides an overview of the county's financial activity for the years ended December 31, 2005 and 2004. The information below, prepared by the county's management, should be read in conjunction with the county's financial statements that immediately follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

The contents of this report comply with the presentation requirements of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as applicable to the cash basis of accounting. The county's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. The notes are an integral part of the government-wide and fund financial statements and provide more detail about the information presented in the statements. This report also contains other financial information in addition to the basic financial statements.

The county has elected to present its financial statements on the cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. "Basis of accounting" refers to when financial events are recorded. Under the cash basis of accounting, revenues are recorded when received rather than when earned, and expenditures are recorded when paid rather than when the related liabilities are incurred. Therefore, when reviewing the financial information and discussion in this report, the reader should recall the limitations resulting from use of the cash basis of accounting.

Government-Wide Financial Statements

The Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities report information about the county as a whole. These statements present the county's net assets and show how they have changed. Over time, increases or decreases in the county's net assets are one indicator of whether its financial health or position is improving or deteriorating. However, to assess the county's overall financial health, the reader needs to consider additional nonfinancial factors. The government-wide financial statements report only governmental activities—activities such as general government operations, public safety, and health and welfare that are usually financed through taxes and intergovernmental receipts. The county has no business-like activities—activities financed wholly or partially by fees charged to external parties for goods or services.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the county as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Commission establishes other funds to help it control and

manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, or other receipt sources. The fund financial statements include only governmental funds, which focus on the flow of money into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed view of the county's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether more or fewer financial resources can be spent in the near future to finance the county's programs.

The County as Trustee

The county is the trustee, or fiduciary, for its trust and agency funds that are used to account for assets held by the county's elected officials in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The county's fiduciary assets are reported in a separate Statement of Fiduciary Net Assets. Fiduciary funds are excluded from the county's other financial statements because the county cannot use these assets to finance its operations. The county is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Other Information

The report also includes as required supplementary information this Management's Discussion and Analysis and the Budgetary Comparison Schedule - General Fund and Major Special Revenue Funds - Cash Basis. Such information is intended to supplement the government-wide financial statements, fund financial statements, and notes to the financial statements but is not a part of those statements.

In addition, the report includes the following components that are not a required part of the financial statements: the Schedule of Expenditures of Federal Awards, required for audits of federal program expenditures conducted in accordance with Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the History, Organization, and Statistical Information.

FINANCIAL HIGHLIGHTS

The county's financial profile began to show the effect of measures taken in 2002 and 2003:

- The overall improvement of the governmental funds can be attributed to several factors: passage of the Use Tax (2002), separation of the Circuit Clerk and Recorder offices (2002), passage of the non-rollback sales tax (2002) and prudent use of governmental funds by each fund custodian.
- The county has exercised an aggressive strategy to secure the maximum amount of grants provided by the state and federal governments. These grants are used to provide services or capital improvements that the county might not otherwise be in a position to provide.

This chart shows grant funds provided by the state and federal governments for 2005 and 2004:

<u>Grant Funds</u>	2005	2004
MoSMART Grant	\$ 1,760	33,730
Interoperability Communications Grant	22,490	32,213
BRO	540,860	47,655
Other grants and aid	43,430	39,223
Total	\$ 608,540	152,821

- The county has aggressively used the BRO Bridge program. Prior to 2006, the county has replaced 14 bridges, with the fifteenth bridge entering the final phase of inspection and acceptance; and the sixteenth bridge in the design phase. Use of this program has enabled the county to replace bridges that otherwise would not be replaced. This has been accomplished with no outlay of cash from the county.
- The county elected officials, through the Salary Commission of 2005, were able to equalize the salaries of elected offices. This action brought the county into compliance with Missouri statutes.

THE COUNTY AS A WHOLE

The following chart displays assets, receipts and disbursements for 2003 through 2005. The most significant fluctuation is attributable to the level of BRO activity. This chart also shows the start of a trend where receipts are greater than disbursements.

	2005	2004	2003
Net Assets	\$ 310,377	203,772	192,070
Receipts	1,774,777	1,289,277	1,380,967
Disbursements	1,668,172	1,277,575	1,395,963
Change in Net Assets	\$ 106,605	11,702	(14,996)

The change in net assets shows an upward trend from (\$14,996) in 2003 to \$106,605 by the end of 2005. Should this trend continue and barring any catastrophes, the reserve balance should continue to grow. At some point in the future when the reserve balance has increased to a comfortable level, property taxes could conceivably be voluntarily rolled back. Another interesting occurrence to note is by the end of 2005 this reserve balance had increased to \$310,377, with \$62,372 in General Revenue, ***the first time in collective memory that the County has not had to borrow against the next year's taxes to finance basic governmental operations.***

THE COUNTY'S FUNDS

The chart below shows the receipts and disbursements for the county for 2004 and 2005. The trend would seem to show a slow growth in assessed valuation, thus an increase in property taxes, and similar growth in sales tax. Intergovernmental revenue is hard to use as a benchmark, because these funds vary year to year depending upon the types of projects the county has undertaken. For example: The Mossbarger Bridge project (BRO-15) caused over \$500,000 in receipt and disbursement activity that will not show up until the next bridge built under the BRO program. Further explanation is given below.

		Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds
<u>2005</u>	General Fund			
Cash Balance End of Year	\$ 62,372	65,267	43,807	138,931
Receipts	424,795	1,029,420	27,625	292,937
Disbursements	350,619	985,728	26,663	305,162
Net Transfers	(11,804)	(50,400)	0	62,204
Net Change in Cash Balances	\$ 62,372	(6,708)	962	49,979

		Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds
<u>2004</u>	General Fund			
Cash Balance End of Year	\$ 0	71,975	42,845	88,952
Receipts	454,041	532,817	26,011	276,408
Disbursements	457,970	476,568	9,243	333,794
Net Transfers	3,929	(61,495)	(1,247)	58,813
Net Change in Cash Balances	\$ 0	(5,246)	15,521	1,427

- General Revenue Fund - Public safety and tax anticipation note (TAN) expense decreased in 2005 as a result of a large grant received in 2004. The Interoperability Grant was awarded in 2004, but before reimbursements were received, money was borrowed on a TAN note to pay grant expenses. In 2005, the second part of the grant was reimbursed. At the time, the General Revenue Fund had sufficient funds to cover the remaining expenses, so executing another TAN was not necessary.
- Road and Bridge Fund - Intergovernmental receipts and disbursements were higher than normal in 2005 because of the BRO-15 project. The Mossbarger bridge project grant was over \$500,000, which was received from MoDOT and then paid out to cover the expenses of building the bridge.

- Capital Improvement Sales Tax 60% Fund - This fund is used for capital improvements to the Courthouse. In 2005 the wheel chair lift was installed from the ground floor to the lobby and from the lobby to the second floor. Also the rider mower for the courthouse lawn failed, was deemed beyond repair, and was replaced from this fund in 2005.
- Other Governmental Funds - Public safety receipts and disbursements decreased in 2005 because the MoSMART Grant ended December 2004. The sole activity in the fund during 2005 involved some expenses paid in 2004 that were reimbursed in 2005. Also in 2004, the Sheriff's staff decreased by 2 - a deputy and a part-time dispatcher.

General Fund Budgetary Highlights

During the course of 2004 and 2005 the county budget was not amended. Although disbursements were allowed which were not budgeted or expenditures exceeded the budgeted amount for various line items, these transactions were made with the approval of the County Commission and documented in the minutes.

- Variances in intergovernmental receipts were the result of confusion from year to year as to the proper classification of receipts in this category.
- In 2005, none of the usual administrative transfers were made. It was the opinion of the County Commission to wait until the end of the year to do the transfer, if necessary. At the end of the year, the General Revenue Fund had a surplus, so no transfers were made as there was no need.
- Additional funds were budgeted, yet unexpended, in anticipation of losing a voter registration clerk (the previous clerk was paid through a federal grant which expired in 2005 and she has been replaced by as-needed help). The previous County Clerk felt the need to budget additional money available to help meet Help America Vote Act (HAVA) requirements.
- The 2004 Interoperability Grant and the related TAN borrowings were not budgeted. At the time the budget was prepared there was some uncertainty as to whether the grant would be approved.
- Expenses will be more closely scrutinized to ensure that if a special revenue fund is in place for applicable expenses, those funds will be used before the General Revenue Fund. For example: in both 2004 and 2005, the Prosecuting Attorney expenditures exceeded the budgeted amount, but training expenses were budgeted and paid from that portion of the General Revenue Fund, while the Prosecuting Attorney Training Fund had nothing budgeted or expended.

CAPITAL ASSET AND DEBT ADMINISTRATION

The county used TANs as a short term borrowing mechanism. The following chart shows borrowing that occurred during 2003-2005 (2003 included for comparison).

<u>TAN Notes</u>		<u>2005</u>	<u>2004</u>	<u>2003</u>
Notes	\$	0	23,332	73,597
Interest		0	340	1,545
Special Purpose Notes*		0	32,213	0
Interest	\$	0	50	0

*Special purpose notes were used to fund the purchase of the interoperability radios; these were paid back with grant funding at a later date. Further explanation is given below under radios.

The county will be implementing a policy to track capital asset investments. This policy has several aspects that will include an annual inventory of county-owned property that has a fair market value greater than \$250. Capital assets could include land, buildings and improvements, equipment and machinery, and vehicles, etc.

Law Enforcement Vehicles

In October 2002, the county entered into a lease-purchase agreement for a 2003 Ford Crown Victoria Police Interceptor. Grant funding was received for \$8,800 and the balance was financed by a promissory note for \$11,282. The promissory note was paid monthly until it was paid in full in 2005.

In March 2004, the county entered into a lease-purchase agreement for a 2004 Chevrolet Silverado Pickup for use as a Law Enforcement vehicle. The purchase was financed by a short-term promissory note for \$23,216 which was paid in full in 2004.

Motor Graders

In January, 2002, the county entered into a lease-purchase agreement with Dean Machinery for a Caterpillar 140H Motor Grader. The payments are \$25,750 annually for seven years.

In April 2004, the county entered into a lease-purchase agreement with Victor Phillips for a CASE 865 Motor Grader. The payments are \$27,960 annually for five years.

Radios

In 2003, the county applied and was approved for an Interoperability Communications Grant. The total grant amount was \$61,221, which was received in 2004 and 2005. A short-term special purpose TAN was entered to pay expenses for the initial installment of \$32,263, which was paid back once grant funds were received. The General Revenue Fund was able to pay expenses of the second installment of \$28,710. Grant funds for this amount were deposited into the General Revenue Fund when received in 2005.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Worth County economy continues to experience a slow growth, not a radical increase that results in greater sales tax revenue or an increase in property or commercial taxes, but growth none-the-less. In the past 3 years, ten new businesses have opened, 2 previously established businesses have reopened and 1 retail business was established. Jobs are primarily found in education, health care, county government and, of course, the agricultural arena. Several citizens travel to Maryville, Creston or Bethany for employment in factories, hospitals or the prison.

The employment statistics show a slightly better employment situation than a year ago. The regional unemployment rate as of December 2004, and October through December 2005 are shown below alongside the rates for neighboring counties. Also compared are the rates of Missouri and the entire United States.

Entity	December 2004	December 2005	November 2005	October 2005
Worth County	4.1	3.7	4.3	3.1
Holt County	5.1	4.5	4.3	4.5
Gentry County	4.1	4.4	4.7	3.7
Nodaway County	3.4	3.1	3.2	2.8
Missouri	5.4	4.9	5.3	4.5
USA	5.1	4.6	4.8	4.6

These statistics were produced by the Missouri Department of Economic Development in cooperation with U. S. Department of Labor, Bureau of Labor Statistics. Interestingly, they show that Worth County is consistently below the United States and Missouri in unemployment rates and in neighboring counties, only Nodaway County has a lower rate.

Revenues for the coming year are expected to improve, but only slightly. Assessed valuation is anticipated to rise somewhat, sales tax and use tax receipts are anticipated to remain at present levels, and other revenue sources are expected to remain flat.

All of these factors were considered in the preparation of the County's 2006 budget. The County anticipated a slight increase in retail sales tax and an increase in property taxes was anticipated due to general reassessment.

The County Commission applied for a Courthouse Restoration Loan from the Missouri Department of Natural Resources, which has been approved. The maximum amount for the loan is \$200,500. This long-term debt will be due over a ten-year period with no penalties for early repayment. Annual payments are estimated to be \$26,000. The first payment has been budgeted for 2006 from the Capital Improvement Sales Tax Fund. CIST 60% receipts are annually \$25,000 to \$26,000 therefore repayment of the loan is planned from that fund.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

Questions about this report or requests for additional information should be addressed to Lisa Hargrave, Worth County Clerk, 11 West Fourth Street, Grant City MO 64456, (660) 564-2219.

Basic Financial Statements

Government-Wide Financial Statements

Exhibit A-1

WORTH COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 310,377
Total Assets	<u>310,377</u>
NET ASSETS	
Restricted	248,005
Unrestricted	<u>62,372</u>
Total Net Assets	<u>\$ 310,377</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WORTH COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ <u>203,772</u>
Total Assets	<u>203,772</u>
NET ASSETS	
Restricted	203,772
Unrestricted	<u>0</u>
Total Net Assets	<u>\$ <u>203,772</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

WORTH COUNTY, MISSOURI
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
 YEAR ENDED DECEMBER 31, 2005

		<u>Program Receipts</u>		Net (Disbursements) Receipts and Changes in Cash Balances
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Intergovernmental</u>	<u>Primary Government Governmental Activities</u>
GOVERNMENTAL ACTIVITIES				
General county government	\$ 283,992	55,557	140,436	(87,999)
Roads and bridges	1,135,614	72,692	850,426	(212,496)
Public safety	209,134	5,240	34,437	(169,457)
Health and welfare	19,789	0	151	(19,638)
TAN expense	19,643	0	0	(19,643)
Total Governmental Activities	<u>1,668,172</u>	<u>133,489</u>	<u>1,025,450</u>	<u>(509,233)</u>
 Total Primary Government	 <u>\$ 1,668,172</u>	 <u>133,489</u>	 <u>1,025,450</u>	 <u>(509,233)</u>
 GENERAL RECEIPTS				
Taxes				
Property taxes				402,394
Sales taxes				183,932
Interest				1,804
Other				<u>27,708</u>
Total General Receipts				615,838
 Change in Cash Balances				 106,605
 NET ASSETS, JANUARY 1				 <u>203,772</u>
 NET ASSETS, DECEMBER 31				 \$ <u><u>310,377</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-2

WORTH COUNTY, MISSOURI
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
 YEAR ENDED DECEMBER 31, 2004

		<u>Program Receipts</u>		Net (Disbursements) Receipts and Changes in Cash Balances
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Intergovernmental</u>	<u>Primary Government Governmental Activities</u>
GOVERNMENTAL ACTIVITIES				
General county government	\$ 267,581	57,550	129,789	(80,242)
Roads and bridges	602,110	63,490	314,380	(224,240)
Public safety	311,793	3,705	62,215	(245,873)
Health and welfare	16,920	0	0	(16,920)
TAN expense	79,171	0	0	(79,171)
Total Governmental Activities	<u>1,277,575</u>	<u>124,745</u>	<u>506,384</u>	<u>(646,446)</u>
 Total Primary Government	 \$ <u>1,277,575</u>	 <u>124,745</u>	 <u>506,384</u>	 <u>(646,446)</u>
 GENERAL RECEIPTS				
Taxes				
Property taxes				393,163
Sales taxes				175,704
Interest				757
Other				88,524
Total General Receipts				<u>658,148</u>
 Change in Cash Balances				 11,702
 NET ASSETS, JANUARY 1				 <u>192,070</u>
 NET ASSETS, DECEMBER 31				 \$ <u><u>203,772</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Fund Financial Statements

Exhibit C-1

WORTH COUNTY, MISSOURI
 GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
 DECEMBER 31, 2005

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 62,372	65,267	43,807	138,931	310,377
Total Assets	<u>\$ 62,372</u>	<u>65,267</u>	<u>43,807</u>	<u>138,931</u>	<u>310,377</u>
FUND BALANCES					
Unreserved	\$ 62,372	0	0	0	62,372
Unreserved special revenue funds	0	65,267	43,807	0	109,074
Unreserved reported in nonmajor funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>138,931</u>	<u>138,931</u>
Total Fund Balances	<u>\$ 62,372</u>	<u>65,267</u>	<u>43,807</u>	<u>138,931</u>	<u>310,377</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

WORTH COUNTY, MISSOURI
 GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
 DECEMBER 31, 2004

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 0	71,975	42,845	88,952	203,772
Total Assets	<u>\$ 0</u>	<u>71,975</u>	<u>42,845</u>	<u>88,952</u>	<u>203,772</u>
FUND BALANCES					
Unreserved	\$ 0	0	0	0	0
Unreserved special revenue funds	0	71,975	42,845	0	114,820
Unreserved reported in nonmajor funds	0	0	0	88,952	88,952
Total Fund Balances	<u>\$ 0</u>	<u>71,975</u>	<u>42,845</u>	<u>88,952</u>	<u>203,772</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D-1

WORTH COUNTY, MISSOURI
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 YEAR ENDED DECEMBER 31, 2005

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property taxes	\$ 199,569	191,488	0	11,337	402,394
Sales taxes	67,127	0	26,351	90,454	183,932
Intergovernmental	98,177	831,134	0	96,139	1,025,450
Charges for services	51,393	0	0	82,096	133,489
Interest	229	185	762	628	1,804
Other	8,300	6,613	512	12,283	27,708
Total Receipts	<u>424,795</u>	<u>1,029,420</u>	<u>27,625</u>	<u>292,937</u>	<u>1,774,777</u>
DISBURSEMENTS					
General county government	206,885	0	26,663	50,444	283,992
Roads and bridges	0	985,728	0	149,886	1,135,614
Public safety	121,591	0	0	87,543	209,134
Health and welfare	2,500	0	0	17,289	19,789
TAN expense	19,643	0	0	0	19,643
Total Disbursements	<u>350,619</u>	<u>985,728</u>	<u>26,663</u>	<u>305,162</u>	<u>1,668,172</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>74,176</u>	<u>43,692</u>	<u>962</u>	<u>(12,225)</u>	<u>106,605</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	475	0	0	63,163	63,638
Transfers out	(12,279)	(50,400)	0	(959)	(63,638)
Total Other Financing Sources (Uses)	<u>(11,804)</u>	<u>(50,400)</u>	<u>0</u>	<u>62,204</u>	<u>0</u>
NET CHANGE IN CASH BALANCES	62,372	(6,708)	962	49,979	106,605
CASH BALANCES, JANUARY 1	<u>0</u>	<u>71,975</u>	<u>42,845</u>	<u>88,952</u>	<u>203,772</u>
CASH BALANCES, DECEMBER 31	<u>\$ 62,372</u>	<u>65,267</u>	<u>43,807</u>	<u>138,931</u>	<u>310,377</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D-2

WORTH COUNTY, MISSOURI
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 YEAR ENDED DECEMBER 31, 2004

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property taxes	\$ 188,703	193,034	0	11,426	393,163
Sales taxes	65,378	0	25,760	84,566	175,704
Intergovernmental	85,005	314,380	0	106,999	506,384
Charges for services	52,417	0	0	72,328	124,745
Interest	78	166	251	262	757
Other	62,460	25,237	0	827	88,524
Total Receipts	<u>454,041</u>	<u>532,817</u>	<u>26,011</u>	<u>276,408</u>	<u>1,289,277</u>
DISBURSEMENTS					
General county government	213,847	0	9,243	44,491	267,581
Roads and bridges	0	476,568	0	125,542	602,110
Public safety	162,452	0	0	149,341	311,793
Health and welfare	2,500	0	0	14,420	16,920
TAN expense	79,171	0	0	0	79,171
Total Disbursements	<u>457,970</u>	<u>476,568</u>	<u>9,243</u>	<u>333,794</u>	<u>1,277,575</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(3,929)</u>	<u>56,249</u>	<u>16,768</u>	<u>(57,386)</u>	<u>11,702</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	18,447	0	0	60,914	79,361
Transfers out	(14,518)	(61,495)	(1,247)	(2,101)	(79,361)
Total Other Financing Sources (Uses)	<u>3,929</u>	<u>(61,495)</u>	<u>(1,247)</u>	<u>58,813</u>	<u>0</u>
NET CHANGE IN CASH BALANCES	0	(5,246)	15,521	1,427	11,702
CASH BALANCES, JANUARY 1	<u>0</u>	<u>77,221</u>	<u>27,324</u>	<u>87,525</u>	<u>192,070</u>
CASH BALANCES, DECEMBER 31	<u>\$ 0</u>	<u>71,975</u>	<u>42,845</u>	<u>88,952</u>	<u>203,772</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E-1

WORTH COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2005

ASSETS

Cash	\$	<u>33,369</u>
Total Assets		<u>33,369</u>

NET ASSETS

Restricted		33,369
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>33,369</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E-2

WORTH COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2004

ASSETS

Cash	\$	<u>37,757</u>
Total Assets		<u>37,757</u>

NET ASSETS

Restricted		37,757
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>37,757</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

WORTH COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

As Note 1.C. discusses further, the accompanying financial statements of Worth County, Missouri, are presented in conformity with the cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for state and local governments. The significant accounting policies related to those principles and used by the county are described below.

A. Reporting Entity

A financial reporting entity consists of (1) the primary government, (2) component units, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The primary government of Worth County consists of all funds, departments, offices, or organizations that are not legally separate from the county.

Component units are legally separate organizations for which the county government is financially accountable. The county is financially accountable for an organization if the county appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services provided or performed by the organization or (2) is legally entitled to and or can otherwise access the organization's resources, is legally obligated for or has otherwise assumed the obligation to finance the organization's deficits or provide financial support to it, or is obligated in some manner for the organization's debt. Component units also may include organizations that are fiscally dependent on the county because their budgets, tax levies, or debt issuances are approved by the county.

Based on application of the above criteria, the county has no component units.

B. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements display information about the county as a whole. These statements include the financial activities of the primary government, except for the activities of fiduciary funds. The primary government's financial activities are required to be classified as governmental or business-like. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange transactions. Business-like activities are financed wholly or partially by fees

charged to external parties for goods or services. For the years ended December 31, 2005 and 2004, the county had only governmental activities.

The Government-Wide Statement of Net Assets presents the financial condition of the county's governmental activities at year-end. The Government-Wide Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the county's governmental activities. Direct disbursements are specifically associated with and clearly identifiable to a particular function. The county does not allocate indirect costs to those functions. Program receipts include (a) charges paid by the recipients of goods or services offered by the programs and (b) intergovernmental receipts that are restricted to meeting the operational or capital requirements of a particular program. Receipts not classified as program receipts, including all taxes, are presented as general receipts. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the county.

2. Fund Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The county uses funds to segregate transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the county primary government at this detailed level. The fund financial statements focus on major funds. Each major fund is presented in a separate column, and nonmajor funds are aggregated and presented in a single column. Major funds include (a) the county's primary operating fund, (b) any fund for which total cash, receipts, or disbursements of an individual fund are at least 10 percent of the corresponding element total for all funds of that type, and (c) any other fund that county officials believe is particularly important to financial statement users.

The accompanying financial statements are structured into two categories of funds—governmental and fiduciary. Governmental funds are those through which most governmental functions typically are financed. Reporting for such funds focuses on the sources, uses, and balances of current resources. The county's major governmental funds are as follows:

General Fund: The General Fund is the primary operating fund of the county, accounting for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Road and Bridge Fund: This fund accounts for property tax collections and other receipts that are legally restricted to disbursements for road and bridge purposes.

Capital Improvement Sales Tax 60% (CIST 60%) Fund: This fund accounts for sales tax collections that are legally restricted to disbursements for major capital improvements.

The county's nonmajor governmental funds are also special revenue funds.

Fiduciary funds account for assets held by the county as a trustee or an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund reporting focuses on net assets and changes in net assets; fiduciary assets are reported in a separate Statement of Fiduciary Net Assets because the county cannot use those assets to finance its operations. The county's fiduciary funds consist of agency funds, which report assets held in a purely custodial capacity and do not involve measurement of results of operations.

The agency funds include the County Collector's fund which has a fiscal year ending February 28; therefore, financial information for its reporting periods is included in the accompanying Statement of Fiduciary Net Assets.

The agency funds also include the Public Administrator's fund. The financial information included for this fund in the Statement of Fiduciary Net Assets consists of estate assets (cash) held in trust by the Public Administrator as reported in the annual settlements filed throughout the years ended December 31, 2005 and 2004.

C. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide and fund financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. Consequently, certain assets and their related revenues (such as accounts receivable and revenues billed but not yet collected for goods and services provided) and certain liabilities and their related expenditures (such as accounts payable and expenditures for goods and services received but not yet paid for) are not recorded in these financial statements. Generally accepted accounting principles for state and local governments require revenues to be recognized when they are earned or when they become available and measurable and expenditures or expenses to be recognized when the related liabilities are incurred.

The accounting treatment for specific account balances and transaction types is as follows:

Equity classifications: On the Government-Wide Statement of Net Assets, equity is classified as net assets and displayed in two components: restricted and unrestricted. Net assets are reported as restricted when limitations are imposed on their use through either the enabling legislation adopted by the County Commission or external restrictions imposed by creditors, grantors, or the laws and regulations of other governments. All other net assets are reported as unrestricted. The county applies restricted resources first when a disbursement is made for which both restricted and unrestricted net assets are available.

In the fund financial statements, equity is classified as fund balance and also may be displayed in two components: reserved and unreserved. Fund balance is reported as reserved to indicate that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use. When such restrictions do not exist, fund balance is reported as unreserved.

Inventories and capital assets: Inventories include office, housekeeping, and road maintenance supplies. Capital assets consist of land, buildings, furniture, equipment, vehicles, and infrastructure such as roads and bridges. Both inventories and capital assets are recorded as disbursements when they are purchased or constructed.

Compensated absences: The county provides vacation and sick leave to its employees. Full-time county employees, other than road and bridge department personnel, accrue 1 day of sick leave per full month of employment. Road and bridge department employees accrue 3.5 hours of sick leave per 2-week pay period, except the first 2 pay periods of the year, during which 6 hours is accrued for each period. Sick leave can be accumulated without limit, but accumulated hours are not compensated upon termination of employment.

Full-time county employees, other than road and bridge department personnel, accrue vacation leave at 1 week per year for employees with less than 3 years of service, 2 weeks per year for 3 through 7 years of service, and 3 weeks per year for 8 or more years of service. Road and bridge personnel accrue 3 hours of vacation leave per 2-week pay period, except the first 2 pay periods of the year, during which 4 hours is accrued for each period. An employee cannot use vacation time before completing 1 full year of employment. Thereafter, vacation time must be used within 1 year of the date on which it accrues, which is the anniversary date of employment. No more than 2 weeks of unused vacation leave is paid to a terminating employee. Employees terminating before completing 1 year of service are not compensated for any accumulated vacation leave.

Part-time employees are eligible to accrue a pro rata portion of sick leave and vacation leave earned by full-time employees in similar positions. Vacation and sick leave amounts are reported as disbursements when they are paid. Accrued liabilities related to compensated absences and any employer-related costs earned and unpaid are not reflected in the government-wide or fund financial

statements. The county has not restricted any net assets or reserved any fund balance for these commitments.

Other postemployment benefits: The county does not provide postemployment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under the COBRA the county provides health care benefits to eligible former employees and their dependents. The premiums are paid by the former employees. The county incurs no cost for these benefits.

Long-term debt: Consistent with the cash basis of accounting, long-term debt is not reported in the government-wide or fund financial statements. Proceeds from debt issuances are reported when received, and payments of principal and interest are reported when disbursements are made.

D. Accounting Changes

For the years ended December 31, 2005 and 2004, the county implemented applicable provisions of the following GASB Statements:

Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*: The implementation of these Statements resulted in significant changes in the format and contents of the basic financial statements and other information in the county's financial report. As Note 1.B. discusses, the basic financial statements now include government-wide financial statements that report information for the county as a whole and fund financial statements that focus on major funds. However, as Note 1.C. discusses, because the basic financial statements are prepared on the cash basis of accounting, they exclude certain items and amounts that would be recorded under the bases of accounting prescribed by generally accepted accounting principles for state and local governments. Also, agency funds, a type of fund not reported in the county's prior-period financial statements, are now included in the Statement of Fiduciary Net Assets.

Statement No. 40, *Deposit and Investment Risk Disclosures*: This Statement amends Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. Statement No. 40 revises Statement No. 3's requirements regarding disclosure of custodial credit risk and establishes new requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

2. Deposits and Investments

Disclosures are provided below to comply with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Worth County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The County Treasurer's deposits at December 31, 2005 and 2004, and the County Collector's deposits at February 28, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects its own property taxes and also taxes for most other local governments (except some cities). Collections for other governments and remittances to those governments are accounted for in various County Treasurer's agency funds.

4. Defined Benefit Pension Plan

Plan Description

Worth County contributes to the County Employees' Retirement System (CERS), a mandatory cost-sharing multiple-employer public employee retirement system for Missouri counties, excluding first-class counties with a charter form of government and any city not within a county. The CERS, a defined benefit plan, provides retirement and death benefits to its members and is administered in accordance with Sections 50.1000 through 50.1300, RSMo. Responsibility for the operation and administration of the system is vested in the CERS Board of Directors. The CERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of the report may be requested from:

County Employees' Retirement System
2121 Schotthill Woods Drive
Jefferson City, MO 65101

Funding Policy

Before January 1, 2003, members, except for those who participated in the Local Government Employees Retirement System (LAGERS), were required to make contributions equal to 2 percent of gross compensation. Effective January 1, 2003, in addition to the prior contribution requirements, members hired on or after February 25, 2002, must contribute 4 percent if they participate in the LAGERS and 6 percent if they do not participate. If an employee terminates employment before attaining 8 years of creditable service, the CERS refunds the accumulated contributions to the employee. The contribution rate is set by statute.

In addition, the CERS receives a portion of delinquent property tax penalties, penalties for late filing of personal property tax declarations, a portion of document recording fees, a portion of fees for merchants and manufacturers licenses, and any interest derived from the collection and investment of any part of the penalties and fees. The Office of Secretary of State also collects and remits fees for certain filing transactions to the system.

The county's contributions to the CERS for the years ending December 31, 2005, 2004, and 2003, were \$9,835, \$13,020, and \$10,042, respectively, equal to the required contributions for each year.

5. Defined Contribution and Deferred Compensation Plans

Plan Description

Worth County offers employees the opportunity to participate in the CERS defined contribution plan and Internal Revenue Code (IRC) Section 457 deferred compensation plan. The plans' provisions and contribution requirements are established and may be amended only by the Missouri General Assembly. Pension plan members are eligible to participate.

Contributions

Pension plan members who are not LAGERS members are required to contribute 0.7 percent of gross compensation to the defined contribution plan. Contributions of \$1,802 and \$1,958 were made during the years ended December 31, 2005 and 2004, respectively. Participation in the deferred compensation plan is voluntary, and the employee elects the contribution level, subject to the limitations of IRC Sections 401(a) and 457. The CERS Board of Directors decides if matching contributions from the pension plan trust funds for a calendar year will be made to the defined contribution plan accounts of those who participated in the deferred compensation plan. The amount of any matching contribution is determined by the Board and is limited to 50 percent of a non-LAGERS member's (25 percent of a LAGERS member's) voluntary contributions to the deferred compensation plan, up to 3 percent of the non-LAGERS member's (2.5 percent for the LAGERS member's) compensation. Matching contributions for the years ended December 31, 2005 and 2004, were \$757 and \$1,357, respectively.

Administration

Maintenance of individual member accounts and custody of assets have been contracted to a third-party administrator and investment custodian, respectively. The counties send member contributions directly to the third-party administrator. Members have several options for investing their contributions and respective share of matching contributions.

6. Interfund Transfers

Interfund transfers, the flow of assets from one fund to another when repayment is not expected, are reported as transfers in and out. The county made the following interfund transfers:

	Year Ended December 31, 2005	
	<u>Transfers In:</u>	
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Transfers Out:		
General Fund	\$ 0	12,279
Special Road and Bridge Fund	0	50,400
Nonmajor Governmental Funds	475	484

Year Ended December 31, 2004

		Transfers In:	
		General Fund	Nonmajor Governmental Funds
Transfers Out:			
General Fund	\$	0	14,518
Special Road and Bridge Fund		16,279	45,216
CIST 60% Fund		1,247	0
Nonmajor Governmental Funds		921	1,180

Interfund transfers occurred primarily because they were statutorily required or allowed—for example, transfer of an administrative service fee to the General Fund from the Special Road and Bridge Fund or contribution of General Fund monies to the Assessment Fund to pay for assessment and equalization maintenance costs not met by other sources of receipts. The Special Road and Bridge Fund made transfers each year to the Patron Gravel Fund for the county's share of the Patron Gravel program.

7. Risk Management

The county carries commercial insurance for various risks of loss to which it is exposed, including risks related to torts; theft of, damage to, or destruction of assets; natural disasters; errors and omissions; injuries to employees; and employees' health and life. No significant reductions in coverage were made since December 31, 2001, and settlements have not exceeded coverage in the past 3 years.

The county is a member of the Missouri Association of Counties Self-Insurance Workers' Compensation and Insurance Fund. The county purchases workers' compensation insurance through this fund, a non-profit corporation established to provide insurance coverage to Missouri counties. The fund is self-insured up to \$2,000,000 per occurrence and reinsured up to the statutory limit through excess insurance.

8. Commitments and Contingencies

Through December 31, 2005, Worth County collected \$10,821 in excess property taxes. Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Worth County voters previously enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections. In April 2003, the voters approved a proposition to discontinue the sales tax that required a property tax reduction and replace it with a sales tax that had no rollback provisions.

9. Subsequent Event

The county has been approved to receive a loan and a grant from the Missouri Department of Natural Resources for courthouse restoration. The maximum amount for the loan is

\$200,500 and the grant amount is \$50,000. The loan will be repayable over a 10-year period with no penalties for early repayment. The Capital Improvement Sales Tax 60% Fund will be used to make the annual payments estimated to be \$26,000 per year.

10. Related Organization

The County Commission is responsible for appointing the members of the board of another organization, but the county's accountability for this organization does not extend beyond making the appointments. The County Commission appoints the board members of the Worth County Library.

11. Jointly Governed Organizations

The county, in conjunction with Gentry and DeKalb Counties, has created the Tri-County Health Center to provide public health services to residents of the three counties. The governing board is composed of the presiding commissioner from each of the participating counties. Worth County provides \$2,500 per year for health center operations.

The county, in conjunction with Gentry, Atchison, Holt, and Nodaway Counties and other local government units, is a member of the Northwest Missouri Regional Council of Governments (NMRCG). The NMRCG provides special planning, economic development, and administrative services to the member governments. The governing board is composed of one representative from each of the member governments. Worth County pays membership dues annually based on a charge of \$.35 cents per resident based on the most recent census.

Required Supplementary Information

Schedule 1

WORTH COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

	Year Ended December 31,							
	2005				2004			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Cash Basis	Final Budget-- Favorable (Unfavorable)	Original	Final	Cash Basis	Final Budget-- Favorable (Unfavorable)
GENERAL REVENUE FUND								
RECEIPTS								
Property taxes	\$ 177,523	177,523	199,569	22,046	167,515	167,515	188,703	21,188
Sales taxes	63,035	63,035	67,127	4,092	63,035	63,035	65,378	2,343
Intergovernmental	55,000	55,000	98,177	43,177	52,050	52,050	85,005	32,955
Charges for services	47,255	47,255	51,393	4,138	42,790	42,790	52,417	9,627
Interest	75	75	229	154	55	55	78	23
Other	8,267	8,267	8,300	33	156,044	156,044	62,460	(93,584)
Transfers in	97,653	97,653	475	(97,178)	29,874	29,874	18,447	(11,427)
Total Receipts	448,808	448,808	425,270	(23,538)	511,363	511,363	472,488	(38,875)
DISBURSEMENTS								
County Commission	24,652	24,652	24,537	115	24,542	24,542	24,318	224
County Clerk	38,747	38,747	37,272	1,475	38,262	38,262	37,223	1,039
Elections	20,035	20,035	886	19,149	21,096	21,096	10,546	10,550
Buildings and grounds	28,398	28,398	22,093	6,305	44,333	44,333	17,739	26,594
Employee fringe benefits	23,100	23,100	17,900	5,200	22,409	22,409	19,421	2,988
County Treasurer	14,186	14,186	13,755	431	14,120	14,120	14,246	(126)
County Collector	26,540	26,540	22,471	4,069	23,135	23,135	22,576	559
Recorder of Deeds	16,777	16,777	15,650	1,127	16,905	16,905	16,530	375
Circuit Clerk	2,551	2,551	2,416	135	2,405	2,405	2,446	(41)
Associate Circuit Court	1,825	1,825	489	1,336	1,825	1,825	510	1,315
Public Administrator	8,220	8,220	8,243	(23)	8,190	8,190	8,111	79
Sheriff	32,000	32,000	31,632	368	35,500	35,500	31,336	4,164
Jail	17,500	17,500	13,774	3,726	29,000	29,000	18,750	10,250
Prosecuting Attorney	37,145	37,145	38,821	(1,676)	37,185	37,185	39,128	(1,943)
Juvenile Officer	0	0	3,459	(3,459)	0	0	2,529	(2,529)
County Coroner	6,377	6,377	4,410	1,967	6,723	6,723	5,885	838
Health and welfare	2,500	2,500	2,500	0	2,500	2,500	2,500	0
Other General County Government	87,075	87,075	69,409	17,666	59,395	59,395	64,199	(4,804)
Communications equipment loan	0	0	0	0	0	0	32,263	(32,263)
TAN expense	27,735	27,735	19,643	8,092	91,500	91,500	79,171	12,329
Transfers out	20,282	20,282	12,279	8,003	16,999	16,999	14,518	2,481
Emergency Fund	13,163	13,163	1,259	11,904	15,339	15,339	8,543	6,796
Total Disbursements	448,808	448,808	362,898	85,910	511,363	511,363	472,488	38,875
Net Change in Cash Balances	0	0	62,372	62,372	0	0	0	0
CASH BALANCE, JANUARY 1	0	0	0	0	0	0	0	0
CASH BALANCE, DECEMBER 31	\$ 0	0	62,372	62,372	0	0	0	0

WORTH COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

	Year Ended December 31,							
	2005				2004			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Cash Basis	Final Budget-- Favorable (Unfavorable)	Original	Final	Cash Basis	Final Budget-- Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>								
RECEIPTS								
Property taxes	\$ 176,184	176,184	191,488	15,304	176,831	176,831	193,034	16,203
Intergovernmental	985,279	985,279	831,134	(154,145)	699,157	699,157	314,380	(384,777)
Charges for services	18,100	18,100	0	(18,100)	0	0	0	0
Interest	299	299	185	(114)	1,125	1,125	166	(959)
Other	390	390	6,613	6,223	0	0	25,237	25,237
Total Receipts	1,180,252	1,180,252	1,029,420	(150,832)	877,113	877,113	532,817	(344,296)
DISBURSEMENTS								
Salaries	107,640	107,640	112,217	(4,577)	107,120	107,120	99,569	7,551
Employee fringe benefits	28,514	28,514	15,542	12,972	17,195	17,195	13,196	3,999
Supplies	0	0	21	(21)	31,875	31,875	1,167	30,708
Insurance	8,000	8,000	8,000	0	7,700	7,700	7,740	(40)
Road and bridge materials	81,900	81,900	52,188	29,712	49,684	49,684	62,407	(12,723)
Equipment repairs	95,325	95,325	59,045	36,280	65,000	65,000	46,321	18,679
Rentals	4,700	4,700	2,120	2,580	2,320	2,320	4,581	(2,261)
Equipment purchases	100,164	100,164	89,414	10,750	65,704	65,704	83,130	(17,426)
Construction, repair, and maintenance	639,718	639,718	557,335	82,383	504,100	504,100	103,357	400,743
Other	35,050	35,050	89,846	(54,796)	30,830	30,830	55,100	(24,270)
Transfers out	145,955	145,955	50,400	95,555	73,018	73,018	61,495	11,523
Total Disbursements	1,246,966	1,246,966	1,036,128	210,838	954,546	954,546	538,063	416,483
Net Change in Cash Balances	(66,714)	(66,714)	(6,708)	60,006	(77,433)	(77,433)	(5,246)	72,187
CASH BALANCE, JANUARY 1	66,795	66,795	71,975	5,180	77,479	77,479	77,221	(258)
CASH BALANCE, DECEMBER 31	\$ 81	81	65,267	65,186	46	46	71,975	71,929
<u>CAPITAL IMPROVEMENT SALES TAX 60% FUND</u>								
RECEIPTS								
Sales taxes	\$ 25,015	25,015	26,351	1,336	25,025	25,025	25,760	735
Intergovernmental	0	0	0	0	0	0	251	251
Interest	250	250	762	512	650	650	0	(650)
Other	0	0	512	512	0	0	0	0
Total Receipts	25,265	25,265	27,625	2,360	25,675	25,675	26,011	336
DISBURSEMENTS								
Courthouse upkeep	60,740	60,740	26,663	34,077	50,300	50,300	9,243	41,057
Transfers out	1,263	1,263	0	1,263	1,509	1,509	1,247	262
Total Disbursements	62,003	62,003	26,663	35,340	51,809	51,809	10,490	41,319
Net Change in Cash Balances	(36,738)	(36,738)	962	37,700	(26,134)	(26,134)	15,521	41,655
CASH BALANCE, JANUARY 1	40,838	40,838	42,845	2,007	29,047	29,047	27,324	(1,723)
CASH BALANCE, DECEMBER 31	\$ 4,100	4,100	43,807	39,707	2,913	2,913	42,845	39,932

The accompanying Note to the Required Supplementary Information is an integral part of this information.

Note to the Required Supplementary Information

WORTH COUNTY, MISSOURI
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2005 AND 2004

Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Other Supplementary Information

Schedule 2

WORTH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2005	2004
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16	Joint Operations	04-5270-P	\$ 0	7,000
16	Overtime	05-KAN-187-AFF	0	2,181
Passed through:				
Missouri Sheriff Association				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,502	0
State Department of Public Safety -				
16.007	State Domestic Preparedness Equipment Support Program	2003-MU-T3-0003	22,490	32,213
16.575	Crime Victim Assistance	2002-VOCA-0096	0	11,987
		2003-VOCA-0085	11,804	1,999
		2004-VOCA-0085	2,064	0
	Program Total		<u>13,868</u>	<u>13,986</u>
Cape Girardeau County:				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	1,760	33,730
U.S DEPARTMENT OF LABOR				
Passed through Experience Works				
17.235	Senior Community Service Employment Program	N/A	3,826	6,030
U. S. DEPARTMENT OF TRANSPORTATION				
20.205	Passed through state:			
Highway and Transportation Commission				
	Highway Planning and Construction	BRO-NBIL-B113(15)	517,983	47,655
		BRO-NBIL-B113(16)	22,877	0
	Program Total		<u>540,860</u>	<u>47,655</u>
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	0	1,066
GENERAL SERVICES ADMINISTRATION				
Passed through state				
Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	6,875	367

WORTH COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
	Office of Secretary of State			
39.011	Election Reform Payment	HAVA2002FED	2,125	2,238
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety			
83.562	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	0	2,700
	ELECTIONS ASSISTANCE COMMISSION			
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	HAVA2002FED	5,277	0
	U.S. DEPARTMENT OF HOMELAND SECURITY			
	Passed through state Department of Public Safety			
97.004	State Domestic Preparedness Equipment Support Program	2004-GE-T4-0049	6,220	0
97.036	Public Assistance Grant	EMPG2005	3,737	0
97.042	Emergency Management Performance Grant	EMPG2004	0	3,655
	Total Expenditures of Federal Award:		\$ <u>608,540</u>	<u>152,821</u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedu

Notes to the Schedule of Expenditures of Federal Awards

WORTH COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Worth County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Senior Community Service Employment Program (CFDA number 17.235) represent wages paid directly from the grantor agency to an individual that worked for the county. Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Worth County, Missouri

Compliance

We have audited the compliance of Worth County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2005 and 2004. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Worth County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2005 and 2004.

Internal Control Over Compliance

The management of Worth County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Worth County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 6, 2006 (fieldwork completion date)

Schedule

WORTH COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? yes x no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WORTH COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the 2 years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

WORTH COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the 2 years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

WORTH COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worth County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated April 6, 2006. We also have audited the compliance of Worth County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 6, 2006.

This Management Advisory Report (MAR) includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Worth County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Expenditures and Related Matters
--

The county did not always solicit bids and/or retain bid documentation for various purchases, the patron gravel program is not adequately monitored, and fuel usage records are not maintained for the Road and Bridge Department. In addition, several budgets were overspent, compliance with the economic development contract is not monitored and the county donated \$1,066 in federal grant monies to a local skating rink.

- A. While the county has procedures to solicit bids for major purchases, the county did not always solicit bids or retain bid documentation for some purchases. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item or Services</u>	<u>Cost</u>
Property, vehicle, and liability insurance	\$ 51,236
Prisoner board at a private jail facility	19,155
Copy machines	7,622

Insurance bids were solicited in 2003, but new bids were not requested when the renewal premium increased 33 percent in 2004, rising from approximately \$18,500 in 2003 to approximately \$24,500 in 2004, with an additional \$2,000 increase for 2005. The amount above represents the total spent on insurance for 2004 and 2005. In addition, although the County Commission indicated phone

bids were obtained for the copy machines, bid documentation could not be located.

In addition, the county is supposed to receive a six-cent per gallon discount on fuel purchased for the Road and Bridge Department according to the bid accepted by the county. However, the county has not established procedures to monitor the daily posted prices on the days that fuel is delivered for comparison to the invoices to ensure the discount is received.

Also, the lowest bid was not accepted for a grader purchase. The county commission indicated the next lowest bidder was already servicing other county equipment and the county had a bad prior experience with service on a similar machine from the low bidder. However, these reasons were not adequately documented in the meeting minutes or the bid files. The bid accepted, totaling approximately \$130,000, exceeded the lowest bid by approximately \$26,000.

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

Similar conditions were noted in prior reports.

- B. The county has not established procedures to ensure the quantity of gravel for which it is billed for the patron gravel program agrees to the quantity of gravel provided to the patrons. Patrons can contribute up to \$300 per mile annually to the county's Patron Gravel Fund to have gravel put on county roads by their property. In addition, the county matched the contributions by approximately 69 percent and 72 percent during the years ended December 31, 2005 and 2004, respectively. These monies are used to purchase gravel from a quarry, which also hauls and spreads the gravel on the roads. Disbursements to the quarry from the Patron Gravel Fund totaled approximately \$123,000 and \$109,000 for the years ended December 31, 2005 and 2004, respectively.

The County Clerk maintains records of the contributions received and locations where the gravel should be spread. This information is provided to a quarry employee whom the county pays \$400 per year to coordinate the delivery of the gravel. The quarry employee maintains a hauling log documenting the patron's name, road number, weight ticket number, tons hauled, and truck driver for each delivery. The hauling log is provided to the County Clerk with the weight tickets and gravel invoices. However, the county has not established a monitoring system to ensure the amounts billed to the county agree to the amounts delivered to the patrons. The quarry employee contacts the patrons prior to the delivery to verify the location where the gravel should be spread. However, county

employees are not observing any of the deliveries. The county relies on the patrons to notify the county or the quarry if they feel the amount of gravel delivered was not correct.

In addition, the quantities recorded on the individual weight tickets for the gravel purchases are not reconciled to the quantity listed on the invoice received from the gravel vendor. For one of two gravel invoices we reviewed, the quantity listed on the invoice exceeded the sum of the quantities listed on the weight tickets by approximately 15 tons, causing an apparent overcharge of \$162.

The county should establish a monitoring system to at least spot check some deliveries and graveling projects to ensure county patrons received the amount of gravel that is billed to the county for the patron gravel program. In addition, the quantity listed on gravel invoices should be reconciled to the applicable weight tickets to ensure the invoices are mathematically accurate.

C. Actual disbursements exceeded budgeted amounts for several funds, as follows:

Fund	Year Ended December 31,	
	2005	2004
Capital Improvement Sales Tax 40% Fund	\$ 821	N/A
Senior Citizen Services Fund	2,649	N/A
Sheriff's Revolving Fund	605	N/A
Law Library Fund	995	N/A
Patron Gravel Fund	47,376	32,907
MoSmart Grant Fund	1,760	5,002
LEPC Fund	248	3,196
Prosecuting Attorney Delinquent Tax Fund	102	47
Emergency Management Planning Fund	N/A	2,693
Recorder Preservation Fund	N/A	500
Sheriff's Civil Fees Fund	N/A	260
Hazardous Materials Emergency Planning Fund	N/A	1,066

The County Clerk indicated that the level of potential participation in the Patron Gravel program each Spring is hard to predict at the time the budget is prepared. In addition, the MoSmart and Sheriff's Revolving funds in 2005 and the LEPC, Prosecuting Attorney Delinquent Tax, Recorder Preservation, and Hazardous Materials Emergency Planning funds in 2004 each budgeted for expenditures to be \$0. The County Commission and other officials receive budget to actual comparison reports periodically. The County Clerk indicated that the commission discussed that various budgets would be overspent, but did not formally amend the budgets. However, there was no evidence in the commission meeting minutes

of discussions regarding the budget status.

Case law indicates that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences or revenues, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- D. Records of fuel usage by the Road and Bridge Department employees are not maintained, so the gallons purchased cannot be reconciled to the gallons dispensed. The county expended approximately \$42,000 and \$26,000 during 2005 and 2004, respectively, for gasoline and diesel fuel for approximately seven pickups and dump trucks, a few graders and tractors, a backhoe, an excavator, a dozer, a forklift, and other equipment used by the Road and Bridge Department. The Road and Bridge Department employees dispense fuel into the equipment and vehicles from bulk fuel tanks located at two sites in the county. While the bulk tanks are equipped with meters, records are not maintained of the amounts of fuel pumped from each tank or the amounts pumped into each vehicle or piece of equipment, nor are measurements taken periodically of the fuel remaining in the tanks.

To ensure the reasonableness and propriety of fuel usage and expenditures, fuel usage logs should be established to record the date, employee name, vehicle description, odometer or hour readings, and gallons pumped. The logs should be periodically reviewed and recorded usage should be reconciled to fuel purchased and on hand. Failure to account for fuel usages could result in loss, theft, or misuse.

- E. The county does not monitor compliance with the contract for economic development and grant writing services. The county contracts with Worth County Progress Organization (WCPO), a local non-profit corporation, to obtain economic development and grant writing services for \$4,300 per year. The WCPO also receives funding from other governmental and business sources. However, the county does not obtain and review periodic progress reports and financial statements from the WCPO.

The county should obtain periodic progress reports and financial statements from the WCPO and review them to ensure monies provided by the county were accounted for properly and used for the intended purposes.

- F. The county donated \$1,066 of federal grant monies to a local skating rink. The Local Emergency Planning Committee (LEPC) annually receives federal Hazardous Material Emergency Planning (HMEP) grant monies from the

Missouri Emergency Response Commission through a grant to the county. The county maintains the funding and makes disbursements as requested by the LEPC. In 2004, the LEPC sponsored a hazardous material transportation survey to fulfill its duties. The study was performed by an assistant fire chief who elected to not be compensated. Since the monies were not needed as planned to provide compensation for the work performed, the LEPC requested the county to disburse grant revenue totaling \$1,066, to a local skating rink in need of funding.

Documentation provided by the grantor indicates HMEP grant monies must be used for training, equipment for training, exercises, flow studies, or hazard analysis. Providing funding to a skating rink does not appear to meet this criteria. In addition, Article VI, Section 23 of the Missouri Constitution specifically prohibits counties, cities, or other political subdivisions of the state from granting public money to any corporation, association, or individual. The money should have been used for other grant related purposes.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances. In addition, the county should ensure that all invoices agree with the related bid terms.
- B. Establish a monitoring system to ensure county patrons received the amount of gravel that is billed to the county for the patron gravel program and reconcile the quantity listed on gravel invoices to the applicable weight tickets.
- C. And other county officials and boards review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. Budgets should be properly amended if necessary.
- D. Require the Road and Bridge Department to maintain fuel usage logs, periodically review the logs for completeness and reasonableness of usage, and reconcile recorded usage to fuel purchased and on hand.
- E. Obtain and review periodic progress reports and financial statements to ensure economic development and grant writing services are being provided in accordance with contract terms.
- F. Ensure all expenditures of federal grant monies comply with grant requirements and refrain from making donations. The county should consider requiring the LEPC to obtain repayment of the improper donation from the skating rink.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We agree and will make every effort to ensure proper documentation is recorded.*
- B. We agree and now have a program in place.*
- C. We agree and are now monitoring expenditures and are amending budgets as necessary.*
- D. We agree and have now provided fuel usage logs to the road and bridge crews.*
- E. We agree and future agreements will outline measurable goals and require monthly progress reports from WCPO.*
- F. We will meet with the Emergency Management Director and the LEPC to try to resolve this matter and make every effort to ensure that federal funds are used properly.*

2. Personnel Policies and Procedures

Time sheets are not submitted by a part-time employee funded by a federal grant and donations paid to the Senior Citizens Services Board's in-home service providers are not reported to the county and the IRS.

- A. Time sheets are not submitted by a part-time employee funded by a federal grant to provide victim advocacy services. The employee is supervised by the Prosecuting Attorney and the county pays the employee monthly. The county receives monthly reimbursements for the employee's salary and expenses, which total approximately \$14,000 annually. Although the employee prepares activity reports, neither the County Commission, nor the Prosecuting Attorney, receive copies of these reports or any other time sheet. The grant agreement indicates the employee should work approximately 20 hours per week.

Proper controls over payroll requires documentation, such as time sheets prepared and signed by employees and approved by supervisors, to provide evidence of actual time worked. In addition, time records are necessary to ensure compliance with the grant requirement.

- B. The Senior Citizens Services Fund Board does not ensure all donations collected and retained by in-home service providers are reported to the county and the Internal Revenue Service (IRS). The board's fund is held in the county treasury and the county makes all disbursements approved by the board, and prepares all IRS reports.

The board pays two individuals \$8 per hour to provide two-hour in-home service visits to senior citizens of the county. These visits are reported to the board on monthly activity logs which are initialed by the clients to document the receipt of the service. The contracts with the individuals indicate the service providers are responsible for collecting a voluntary two dollar per visit donation from the clients, which they keep as an additional part of their compensation. However, the donations collected are not recorded on the activity logs and the board does not require the service providers to report the donations to the county, so they are not reported by the county to the IRS. Based on the amounts paid to the service providers, it appears the donations could have totaled as much as \$2,100 and \$1,700 for the years ending December 31, 2005 and 2004, respectively.

To ensure all compensation is reported to the IRS, the board should require all client donations provided to in-home service providers be recorded on the activity logs and reported to the county.

WE RECOMMEND:

- A. The County Commission require all employees to submit time sheets to the County Clerk to support payroll disbursements. All time sheets should be approved by the applicable supervisor.
- B. The Senior Citizens Services Fund Board establish procedures to require all client donations provided to in-home service providers be recorded on the activity logs and reported to the county.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will request timesheets for all employees not currently submitting timesheets.*
- B. *We have already provided a new form for the housecleaners to document the tips.*

The Senior Citizens Services Fund Board President provided the following response:

- B. *We agree.*

3.**Prosecuting Attorney's Accounting Controls and Procedures**

The Prosecuting Attorney's procedures related to accounting for receipts and open-items, as well as the system for tracking bad check complaints received, are in need of improvement. As a result of the lax controls, some receipts, while deposited, were not remitted to the County Treasurer or other parties and an unidentified balance in the bank account has increased significantly since the last audit. In addition, part of the unidentified balance was used to pay office expenses.

The Prosecuting Attorney received bad check restitution and administrative fees, merchant bad check fees, and several traffic ticket fees and fines totaling approximately \$18,000 per year during the years ended December 31, 2005 and 2004, respectively. Collections, other than administrative fees due to the county, are disbursed as they are received. Administrative fees are remitted to the County Treasurer monthly.

- A. While prenumbered receipt slips are issued for most monies received, not all receipts were recorded on the summary monthly fee log. The monthly summary fee log only includes activity related to bad checks, not miscellaneous traffic ticket collections, and is not complete.

Current office procedures only require collections on bad checks to be posted from the receipt slips to the monthly fee log. The log is then totaled to determine the amount to be remitted at month end to the County Treasurer for administrative fees and also has a column to indicate the check number for the payout to the vendors, though that information was not consistently included. Receipt slips indicated twenty-three bad check receipts collected in September 2004 and November 2005. Five of these receipts, totaling approximately \$285, were not subsequently recorded on the monthly fee log. Although the bad check restitution and merchant fees noted were remitted to the merchants, the related administrative fees were not included in the remittance to the County Treasurer. As noted above, traffic ticket collections, while properly disbursed, were also not recorded on the monthly log.

All receipt slips and check numbers should be included on the monthly fee log, and the numerical sequence accounted for, to ensure all monies received are properly disbursed.

- B.1. Monthly open-items listings (liabilities) are not prepared, and consequently liabilities are not reconciled to the cash balance. As noted in our prior report, the Prosecuting Attorney's checking account had an unidentified balance of \$45 at December 31, 2001. The unidentified balance had increased to approximately \$1,100 when the former Prosecuting Attorney left office at December 31, 2002, and totaled approximately \$1,900 at December 31, 2005. Based on the types of monies collected in the Prosecuting Attorney's office, there should normally be very few, if any, open-items since most receipts are paid out immediately as collected or at month-end in the turnover to the County Treasurer.

Open-items listings should be prepared and reconciled to the cash balance to ensure underlying records are in balance and that sufficient cash is available to pay all liabilities. Furthermore, the Prosecuting Attorney should attempt to determine the proper disposition of the items in the bank account and take appropriate action. Various statutory provisions including Sections 447.500 through 447.995, RSMo, provide for the disposition of unclaimed monies.

2. The Prosecuting Attorney used portions of the unidentified balance in the Prosecuting Attorney's Trust Account bank account to pay office expenses totaling approximately \$1,000. All monies deposited in the trust account represent accountable fees or restitution which should be remitted to the County Treasurer, or the applicable court or merchant. In addition, using the trust account to pay office expenses circumvents the county's procedures for ensuring all operating expenditures are properly budgeted and reported in the county's financial statements. Such expenses should be paid from the separately budgeted Administrative Fee Bad Check fund established for this purpose, maintained by the County Treasurer, and reported in the county's financial statements.
- C. A log or other record is not maintained to account for all bad check complaints filed with the Prosecuting Attorney and their ultimate disposition. A bad check complaint log would provide a record of all such complaints filed with the Prosecuting Attorney and would provide more assurance that all receipts, disbursements, or other actions related to these cases are properly handled.

To ensure accountability, a sequential number should be assigned to the complaint form prepared for each bad check received and a log should be maintained showing each bad check complaint in numerical order, along with its ultimate disposition. The log should contain information such as the assigned complaint number, the date the complaint was received by the prosecutor's office, the merchant, the issuer of the check, the amount of the check, and the amount of all applicable fees. In addition, the log should document the disposition of the bad check, including the date payment was received and forwarded to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition.

Conditions similar to A., B.1., and C. were noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Include all receipt slips and check numbers on the monthly fee log and account for the numerical sequences.
- B.1. Prepare a monthly listing of open items and reconcile the listing to the cash balance. In addition, the Prosecuting Attorney should attempt to identify and properly dispose of the unidentified monies in the bank account.
- 2. Discontinue the practice of using the trust account to pay office expenses.
- C. Assign sequential complaint numbers and maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *Checks for traffic tickets are infrequent and are made payable to the Associate Circuit Court, so they are not deposited in the bad check account. Receipt and check numbers are now listed on the monthly fee log. I will start reviewing the logs to account for the numerical sequences.*
- B.1. *Once I determine the unidentified balance in the checking account, I will remit it to the County Treasurer. I will continue to pay out fees monthly. There should be no open items after the fees are disbursed.*
- B.2&
- C. *I agree. These will be implemented.*

4. Sheriff's Accounting Controls and Procedures
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Sheriff's Office procedures related to the processing of monies collected and bank account reconciliations are in need of improvement. The Sheriff's Office received fees, bonds, gun permits, and telephone commissions totaling approximately \$11,000 and \$4,000 during the years ended December 31, 2005 and 2004, respectively.

- A. The method of payment is not always noted on receipt slips and the composition of receipt slips issued is not reconciled to the amounts posted on the monthly fee log or to the composition of deposits. For example, the method of payment was not indicated on four of thirteen receipt slips issued in December 2005. In addition, a check received in August 2005 was not deposited until December 2005, because the check was misplaced with the deposit slips in the bank bag.

The method of payment should be indicated on receipt slips and reconciled to the composition of deposits to ensure all monies collected are ultimately recorded and deposited.

A similar condition was also noted in our prior report.

- B. A checkbook balance is not maintained and reconciled monthly to the bank statements for the Sheriff's account. All monies received by the Sheriff should be disbursed at least monthly, resulting in a zero balance. However, the bank account contained an unidentified balance of approximately \$500 at January 4, 2006.

Maintaining a checkbook balance and reconciling to the bank statements monthly is necessary to ensure accounting records are in agreement and to detect and correct errors timely. Furthermore, the Sheriff should attempt to determine the proper disposition of the unidentified monies in the bank account and take appropriate action. Various statutory provisions including Sections 447.500 through 447.995, RSMo, provide for the disposition of unclaimed monies.

WE RECOMMEND the Sheriff:

- A. Ensure the method of payment is recorded on all receipt slips and the composition of receipt slips is reconciled to deposits.
- B. Maintain a checkbook balance and ensure formal bank reconciliations are prepared monthly. The Sheriff should attempt to identify and properly dispose of the unidentified monies in the bank account.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *This will be implemented.*
- B. *When the unidentified balance in the account stabilizes, I will remit it to the County Treasurer as fees. I will also try to maintain a checkbook balance and prepare monthly bank reconciliations.*

I expect to have both recommendations implemented by September 2006.

Follow-Up on Prior Audit Findings

WORTH COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Worth County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the 2 years ended December 31, 2001.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

Worth County had faced financial difficulty for several years and relied heavily on the use of proceeds from tax anticipation notes to fund normal operating expenses of the General Revenue Fund, which paid the majority of the general operating costs of the county.

Recommendation:

The County Commission consider various alternatives of increasing revenues and reducing expenses to ensure that the General Revenue Fund's financial condition improves. The County Commission should obtain the residents' input regarding increased taxation, decreased services, and the possibility for shared services or consolidation with another county.

Status:

Implemented. The financial condition did not improve in 2002 and 2003, and the county continued to rely on the use of tax anticipation notes. However, the County's General Revenue Fund cash balance increased from \$0 at January 1, 2004, to approximately \$62,000 at December 31, 2005. In addition, the outstanding tax anticipation note balance decreased from approximately \$74,000 at January 1, 2004, to \$0 at December 31, 2005, with no new tax anticipation notes needed in 2005. Factors contributing to the improved financial condition included the sales tax that required a property tax reduction being replaced with a sales tax without rollback requirements, approved by county voters in April 2003, and the receipt of monies from the state related to a new statutory recorder's fee, starting in September 2003, that the county receives for separating the offices of Circuit Clerk and Recorder. These items resulted in about \$33,000 in additional annual allowable property tax receipts and approximately \$53,000 annually in the statutory recorder's fee subsidy.

2. Property Tax Reduction Due to Sales Tax

The County had not sufficiently reduced its general revenue property tax revenues by 50 percent of sales tax revenues as required by Section 67.505, RSMo.

Recommendation:

The County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

Status:

Not implemented. In April 2003, the county voters approved a proposition to discontinue the sales tax that required a property tax reduction and replace it with a sales tax without rollback requirements. Although the county rolled back the tax levy in both 2002 and 2003, the county had still collected \$10,821 in excess property taxes as of December 31, 2003. Due to the discontinuation of the sales tax rollback requirements, there were no rollbacks in 2004 and 2005. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Expenditures and Related Matters

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases for road and bridge purposes.
- B. The Special Road and Bridge Fund was used to pay the entire salary of a Safety Officer whose main duty was law enforcement.
- C.1. Receipt of goods or services was not always documented.
- C.2. Invoices were not canceled upon payment.
- C.3. The Prosecuting Attorney's Office kept original invoices and only submitted copies of invoices to the County Commission for payment.
- D. The Victims of Domestic Violence Fund was used to pay \$1,000 to a children's hospital which did not appear to meet the statutory requirements to qualify for such funding.
- E. The county did not enter into written contracts for emergency management program participation, a patrol car loan to a city, and housing of county prisoners in a privately-owned jail.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain all applicable bid documentation, including reasons for decisions made. If bids cannot be obtained and/or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

- B. Reimburse the Special Road and Bridge Fund for the amount paid to the Safety Officer that was related to law enforcement and ensure all future expenditures from the Special Road and Bridge Fund comply with state law.
- C.1. Require acknowledgement of receipt of goods and/or services prior to payment.
- C.2. Ensure all invoices are canceled upon payment.
- C.3. Make payments only from original invoices and retain all original invoices.
- D. Determine if there are any shelters for domestic violence victims which provide services to county residents and ensure all future expenditures from the Victims of Domestic Violence Fund comply with state law. In addition, the county should consider seeking reimbursement for the \$1,000 paid to the children's hospital or otherwise reimburse \$1,000 to the Victims of Domestic Violence Fund.
- E. Enter into written contracts as required by state law.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Partially implemented. The county did not reimburse the Special Road and Bridge Fund, but has not employed a Safety Officer since 2000. Although not repeated in the current MAR, our recommendation remains as stated above.
- C.1, 2&3. Implemented.
- D. Partially implemented. The Victims of Domestic Violence Fund was not reimbursed for the payment to the children's hospital. There were no expenditures from the fund during the three years ending December 31, 2005. However, in February 2006, the county paid \$500 to a shelter. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Partially implemented. Worth County entered into an agreement for the loan of the patrol car, which was subsequently terminated in 2003, but has not entered into written agreements for emergency management program participation and prisoner housing. Receipts from participants in the emergency management program total approximately \$1,625 annually. During the current audit period, the county moved its prisoners from the privately-owned jail facility to the Harrison County jail. The county spent approximately \$11,000 and \$17,000 on boarding of prisoners in 2005 and 2004, respectively. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Budgets

- A. Actual disbursements exceeded approved budgeted amounts in several funds.
- B. Estimated amounts were used to report the prior years' receipts and disbursements on the county budgets, but the budgets did not indicate the amounts were estimates.

Recommendation:

The County Commission:

- A. Keep disbursements within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the budgets properly amended.
- B. Include the actual receipts and disbursement on the budgets when available for prior years. Any estimated amounts should be clearly marked or explained on the budgets.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Implemented.

5. County Clerk

The County Clerk's account book with the County Collector was not complete.

Recommendation:

The County Clerk ensure the account book includes all information regarding property tax charges and credits, and the County Commission make use of this account book to verify the County Collector's annual settlements.

Status:

Implemented.

6. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Monthly open-items listings (liabilities) were not prepared and reconciled to the cash balance, and an unidentified balance of \$45 existed at December 31, 2001.
- C. Receipt slips were issued only for monies paid in person.

- D. An adequate system was not established to account for all bad check complaints received and their subsequent disposition.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare monthly listings of open items and reconcile the listings to bank and book balances. Unidentified monies should be disposed of in accordance with state law.
- C. Issue prenumbered receipt slips for all monies received and account for the numerical sequence.
- D. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.

Status:

- A. Partially implemented. The Prosecuting Attorney's secretary receives, records, and deposits monies, maintains bad check complaint files, and prepares disbursements and bank reconciliations. The Prosecuting Attorney signs all checks and periodically reviews monthly fee sheets. In addition, she indicated she periodically reviews bank reconciliations, however, the reviews of bank reconciliations are not documented. Although not repeated in the current MAR, our recommendation remains as stated above.

B&D. Not implemented. See MAR finding number 3.

- C. Partially implemented. Although receipt slips are now issued for most monies received, the numerical sequence of receipts is not accounted for on the monthly activity summary sheets. See MAR finding number 3.

7. Circuit Clerk's Accounting Controls and Procedures

- A. Monthly open-items listings (liabilities) were not prepared and reconciled to the cash balance.
- B. The method of payment received (cash, check, money order, etc.) was not always indicated on receipt slips.

Recommendation:

The Circuit Clerk:

- A. Prepare monthly listings of open items and reconcile the listings to the cash balance.
- B. Indicate the method of payment on all receipts slips and reconcile the composition of receipt slips to the composition of bank deposits.

Status:

A&B. Implemented.

8. Sheriff's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips were issued only for bonds and gun permits.
- C. The Sheriff deposited calendar commissions in a separate bank account instead of remitting the monies to the County Treasurer.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips immediately upon receipt for all monies received and account for the numerical sequence. In addition, the method of payment received should be recorded on the receipt slips and reconciled to bank deposits.
- C. Turn over the amounts in the Sheriff's special account to the County Treasurer, and in the future, turn over all accountable fees to the County Treasurer.

Status:

- A. Partially implemented. The Sheriff is responsible for all accounting and bookkeeping duties, but the Treasurer indicated she also reviews the activity on the monthly fee sheets.
- B. Partially implemented. While receipt slips are now issued for all monies received, the method of payment is not always marked and is not reconciled to the composition of the deposits. See MAR finding number 4.
- C. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WORTH COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1861, the county of Worth was named after William Worth, a general of the Florida and Mexican Wars. Worth County is a county-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Grant City.

Worth County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 296 miles of county roads and 66 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 3,008 in 1980 and 2,382 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	13.4	13.2	13.1	12.8	13.4	12.2
Personal property		6.9	6.3	6.3	6.4	3.5	3.6
Railroad and utilities		2.6	3.1	3.2	3.1	2.1	2.4
Total	\$	22.9	22.6	22.6	22.3	19.0	18.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Worth County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	0.5000	0.5000	0.4427	0.3700
Special Road and Bridge Fund		0.5000	0.5000	0.5000	0.5000
General Revenue Fund (Temporary)*		0.3500	0.3500	0.3500	0.3500
Special Road and Bridge Fund (Temporary)**		0.3300	0.3300	0.3300	0.3300
Senior Citizens Services Fund		0.0500	0.0500	0.0500	0.0500

* For many years, this additional temporary general revenue levy has been periodically approved by Worth County voters as allowed by Section 137.065, RSMo. The current levy expires in 2006.

** For many years, this additional temporary special road and bridge levy has been periodically approved by Worth County voters as allowed by Section 137.565, RSMo. The levy expired in 2005 but was renewed by voters in April 2006 for four years, with a new expiration of 2009.

Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
State of Missouri	\$ 6,835	6,752	6,685	6,559
General Revenue Fund	197,014	194,040	180,031	161,779
Special Road and Bridge Fund	186,635	184,403	183,004	179,572
Assessment Fund	17,246	16,846	12,854	12,445
School districts	813,115	793,337	784,144	768,274
Library district	22,485	22,200	22,048	21,507
Ambulance district	33,739	33,336	33,083	32,462
Watershed districts	5,882	5,786	2,283	2,222
Fire protection districts	42,642	43,278	4,202	4,155
Senior Citizens Services Fund	11,254	11,119	11,034	10,827
Surtax	20,389	22,505	22,935	21,880
Tax Maintenance Fund	2,363	2,197	2,145	1,131
Other	4,667	3,976	4,523	5,248
Cities	4,410	5,671	6,399	6,273
County Clerk	48	53	60	52
County Employees' Retirement	4,906	4,715	4,399	4,265
Commissions and fees:				
General Revenue Fund	25,042	24,536	23,461	23,124
Total	\$ 1,398,672	1,374,750	1,303,290	1,261,775

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				%
	2006	2005	2004	2003	
Real estate	95.5	95.1	95.0	95.1	
Personal property	94.1	92.8	92.6	92.1	
Railroad and utilities	100.0	100.0	100.0	100.0	

Worth County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.00500	None	None
Capital improvements	0.00375	2008	None
Law enforcement	0.00500	None	None
Local use tax	0.01375	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Billy F. Mozingo, Presiding Commissioner		7,534	7,534	7,534	7,534
William Calhoon, Associate Commissioner		7,534	7,534	7,534	7,534
Lorace A Waldeier, Associate Commissioner		7,534	7,534	7,534	7,534
Angela Pickering Steele, Recorder of Deeds (1)		14,100	14,100	14,100	
Lisa M. Hargrave, County Clerk		20,252			
John P. Jones, County Clerk			20,252	20,252	20,252
Janet Wake Larison, Prosecuting Attorney		24,035	24,035	24,035	
David Parman, Prosecuting Attorney					24,035
Neal Groom, Sheriff		20,800	20,800	20,800	20,800
Linda L. Brown, County Treasurer		12,490	12,490	12,490	12,490
Gary D. Hahn, County Coroner		3,575	3,575	3,575	3,575
Patsy A. Worthington, Public Administrator		7,500	7,500	7,500	7,500
Julie Tracy, County Collector, year ended February 28 (29),	17,750	17,750	17,750	17,750	
Carolyn J. Hardy, County Assessor (2), year ended August 31,		21,089	21,146	21,266	21,300

(1) Worth county voters approved separating the offices of the Recorder of Deeds and the Circuit Clerk in 2002. The newly elected Recorder of Deeds took office in January 2003.

(2) Includes \$689, \$746, \$866, and \$900, respectively, of annual compensation received from the state.

State-Paid Officials:

Jana Findley Smyser, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,850	47,300	47,300
William Rex Beavers, Associate Circuit Judge	96,000	96,000	96,000	96,000